

COMMITTEE STATEMENT

LB 271

HEARING DATE: February 10, 1999

COMMITTEE ON: Revenue

TITLE: (Revenue Committee) Change a provision relating to rights of nonprofit corporations

ROLL CALL VOTE – FINAL COMMITTEE ACTION

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

7	Yes	Senators Coordsen, Hartnett, C. Peterson, Raikes, Redfield, Schellpeper and Wickersham
0	No	
0	Present, not voting	
1	Absent	Senator Landis

PROPONENTS

George Kilpatrick, Legal Counsel
Joe Hampton
Robert J. Hallstrom
Timothy Thietje

REPRESENTING

Committee on Revenue
Lincoln Independent Business Association
National Federation of Independent Business
University of Nebraska Foundation

OPPONENTS

Larry Ruth

John Wood
Dan Fisher
Lance Schipporeit
Stan Patzel
John Lindsay

REPRESENTING

NE Association of Airport Officials and
Lincoln Airport Authority
Lincoln Airport Authority
Hall County Airport Authority
NE Association of Airport Officials
Goodyear Distribution Center, Lincoln
NE Chapter of NE Housing & Redevelop. Authority

NEUTRAL

L. Jay Gildersleeve
Ron Withem
Chris Dibbern

REPRESENTING

Board of Educational Lands & Funds
University of Nebraska
NMPP Energy

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SUMMARY OF PURPOSE AND/OR CHANGES:

LB 271 would implement Amendment 2C (approved by the people last November) and provide for the taxation of government property not used for a public purpose.

Section 1 would amend section 21-1927 to strike that part of the Nebraska Nonprofit Corporation Act that allows foundations to be treated the same as their beneficiaries for purposes of property taxation.

Section 2 would amend section 77-202 to limit the property tax exemption for government property to such property used for a government purpose. Government purpose is defined to mean that it is used to provide public services including operations, education, public safety, transportation, public works, public health and welfare, recreation, community development, and cemetery purposes. Public purpose does not mean lease of the property for a non-public purpose.

Section 3 would be a new section that provides that leased public real estate shall be assessed to the leaseholder as if owned. By January 1st of each year, the state and all local governments are to provide each county assessor with a copy of each lease.

EXPLANATION OF AMENDMENTS, IF ANY:

The Committee amendments rewrite the bill as follows:

Section 1 would amend section 21-1927 to strike from the non-profit corporation act the phrase that states that foundations stand in the shoes of their ultimate beneficiary for purposes of taxation.

Sections 2, 3 and 5 through 7 harmonize the creation of a new exemption from property taxes in section 4.

Section 4 would amend section 77- 202 to do three things:

First, it limits the exemption for government-owned property to property used for a public purpose. Public purposes are defined as a) the general operation of government, public safety, education, transportation, public works, civil and criminal justice, public health and welfare, parks and culture, and public housing, or b) property used to carry out the duties and responsibilities conferred by law upon the particular governmental subdivision. Leases of property to a private party is not a public purpose unless such lease is necessary to carry out the public purpose; however, leases of public housing to low-income tenants is a public purpose.

Second, section 4 creates a new exemption for property which is not used for a public purpose and is not leased, but is covered by a payment in lieu of taxes to all local governments providing public safety, emergency, and road or street services. The amount of the payment in lieu of taxes is to be the proportionate share of the cost of providing such services to the parcels or land involved unless there has been an ordinance or resolution by the governmental entity receiving the payments setting out a general policy for such payments. Notice, hearings, adoption by a majority of the governing body, and uniform application are necessary to use this option. In any event, the ordinance or resolution shall result in an equitable contribution for the cost of providing services to each exempt parcel. This section is not to effect the in lieu of tax payments currently in place for public power districts pursuant to Article VIII, Section 11 of the Nebraska Constitution.

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Finally, section 4 also expands the definition of an educational institution that may qualify for a property tax exemption by including foundations or corporations for the exclusive benefit of such organizations.

Section 8 provides that leased real property is to be assessed and taxed to the lessee as if it were owned outright by the lessee. By January 31, each government is to provide the county assessor a copy of each lease in effect on January 1. Notice of any taxes delinquent on such leased property is to be sent to the lessee and the government owning the property. No lien is to attach to the property; however, a lien for taxes is to attach to all personal property owned by the lessee.

The government entity owning the property may, at its discretion, report a description of the property to the county assessor rather than the lease. The government entity may then pay any taxes due on the property and collect the taxes from the lessee through lease payments. Except for public power districts subject to payments in lieu of taxes under Article VIII, Section 11 of the Nebraska Constitution, such payments are to relieve any responsibility for in lieu of tax payments.

Section 9 would repeal the original sections.

Senator William R. Wickersham, Chairman
Committee on Revenue